

Message Text

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14

ACTION EB-07

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TAGS: BEXP, CG

SUBJECT: FY 76 CCP: FIFTH QUARTER PROGRESS REPORT

1. OVERVIEW. FY 1976 CONCLUDED WITH THE EMBASSY MEETING THE MAJOR OBJECTIVES OF ITS CCP PROGRAM. THE ECONOMIC SITUATION REMAINED EXTREMELY DIFFICULT BUT BY THE YEAR END CONCRETE PROGRESS HAD BEEN MADE TOWARD RESTORING THE STABILITY OF THE ECONOMY AS WELL AS ITS REORIENTATION TOWARD THE PRIVATE ENTERPRISE SECTOR. THIS AUGURS WELL FOR THE ECONOMIC FUTURE OF ZAIRE AS WELL AS FOR US TRADE AND INVESTMENTS IN THE COUNTRY.

2. THE GOZ HAS COME TO TERMS WITH ITS MAJOR GOVERNMENTAL DEBTORS ON RESCHEDULING PAYMENTS AND PROSPECTS ARE BRIGHT FOR REACHING AN AGREEMENT WITH ITS PRIVATE DEBTORS IN THE NEAR FUTURE. ADDITIONALLY, THE GOZ HAS JUST INAUGURATED MEASURES WHICH WILL RESTORE MANY ANDPERHAPS MOST OF THE PREVIOUSLY ZAIRIANIZED AND RADICALIZED FIRMS TO THEIR FORMER OWNERS.

3. IF THE DEBT RESCHEDULING EXCERCISE IS SUCCESSFUL AND ZAIRE'S CREDIT RATING IMPROVES IT SHOULD RESULT IN THE COUNTRY'S
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BEING ABLE TO MEET ITS MINIMAL IMPORT NEEDS. MEANWHILE,

THE RETURN TO THE PRIVATE SECTOR SHOULD GENERATE MODEST INVESTMENT IN PRODUCTIVE FACILITIES AS WELL AS IN SOME COMMODITIES. ALTHOUGH WE CAN NOT EXPECT SIGNIFICANT IMMEDIATE RESULTS, THESE TWO DEVELOPMENTS WORKING IN CONCERT SHOULD RESULT IN A TURNAROUND OF ZAIRE'S RECENT TREND OF REDUCED IMPORTS TO THE BENEFIT OF AMERICAN SUPPLIERS OF PRIORITY GOODS AND EQUIPMENT. THE REORIENTATION TOWARD PRIVATE ENTERPRISE RAISES THE QUESTION OF WHETHER IN OUR FY 77 PROGRAM WE SHOULD AGAIN GIVE PRIORITY TOWARD ATTRACTING AND FACILITATING US INVESTMENT IN ZAIRE. FROM A PRELIMINARY ASSESSMENT THE INVESTMENT ATMOSPHERE IS BEGINNING TO LOOK MUCH BETTER. THIS SITUATION WILL, HOWEVER, REQUIRE FURTHER MONITORING.

4. CAMPAIGN A. BUILDING AND CONSTRUCTION EQUIPMENT AND SUPPLIES. EMBASSY/CONSULATE CONCENTRATED ON THIS AREA DURING DECEMBER, JANUARY AND FEBRUARY PERIOD AND EXCEEDED OBJECTIVE IN CALLS AND FTI ENTRIES. HOWEVER, DUE TO THE FOREIGN EXCHANGE SITUATION, EFFORTS TO PROMOTE ATTENDANCE AT THE CHICAGO SHOW WERE UNSUCCESSFUL. ALTHOUGH THE PLANNED CATALOGUE SHOW FOR THE CONSTRUCTION INDUSTRY WAS CANCELLED, EMBASSY NOW HAS DATA ON HAND TO MAKE LISTING AT ANY TIME.

5. CAMPAIGN B. EQUIPMENT FOR THE TRANSPORT SECTOR. ALTHOUGH SEVERAL PROSPECTIVE REPRESENTATION AGREEMENTS WERE FACILITATED BY EMBASSY ASSISTANCE DURING YEAR UNDER REVIEW, WE HAVE NOT BEEN ABLE TO CONFIRM THE CONCLUSION OF ANY.

6. CAMPAIGN C. EQUIPMENT FOR MINERALS AND POWER SECTORS. AS PREVIOUSLY INDICATED THERE WAS LITTLE POSSIBILITY OF PROMOTING VISITS TO THE US DUE TO THE FOREIGN EXCHANGE CRUNCH. THE MATERIALS AND HANDLING EQUIPMENT TRADE MISSION WAS CANCELLED ALONG WITH THE SUPPORTIVE MARKET RESEARCH. NO CONFIRMATION OF NEW REPRESENTATION AGREEMENTS AS YET. WILL MAKE GREATER EFFORT TO DOCUMENT THESE DURING COMING PERIOD.

5. CAMPAIGN E. AGRI-BUSINESS SECTOR. AS INDICATED IN PREVIOUS QUARTER'S REPORT, OBJECTIVES WERE EXPANDED AND EXCEEDED THRU AREA VISITS BY ECON/COMMERCIAL OFFICERS TO BAS ZAIRE, KISANGANI AND NORTH KIVU. REPORT ON NORTH KIVU VISIT HAS BEEN POUCHED. LIMITED OFFICIAL USE

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